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UNITED STATES DISTRICT COURT  
DISTRICT OF OREGON  
PORTLAND DIVISION

TIFFANY HOPKINS,

Plaintiff,

v.

CITIBANK, N.A.,

Defendant.

Case No. 3:18-cv-01960-BR

DECLARATION OF ANDREW GRAYOT  
IN SUPPORT OF DEFENDANT'S  
MOTION TO COMPEL ARBITRATION

I, Andrew Grayot, hereby declare:

1. I am an employee of Citibank, N.A. ("Citibank"). Citibank is a national bank located in Sioux Falls, South Dakota. Citibank issues credit card accounts to persons throughout the country, including the credit card accounts at issue in this action.

2. I have worked with Citibank or its affiliates in different capacities for approximately 17 years. In connection with my employment, I have personal knowledge of Citibank's general business practices with respect to its credit card accounts. My responsibilities include preparing affidavits in connection with litigation involving Citibank, and I am authorized

to provide this Declaration for Citibank. I have access to the business records relating to the credit card accounts Citibank issues including, in particular, the records of cardmember accounts and the applicable card agreements.

3. The exhibits to this declaration are all true and correct business records Citibank, or its affiliates, created and maintained in the ordinary course of regularly conducted business activity, and as part of Citibank's regular practice of creating and maintaining such records, and also were made at the time of the act, transaction, occurrence or event, or within a reasonable time thereafter. The statements set forth in this declaration are true and correct to the best of my knowledge, information and belief. Except where based upon information provided by persons working under my direction and supervision, the statements contained herein are based on my personal knowledge or review of Citibank's records, including records pertaining to the Citibank credit card account issued to plaintiff Tiffany Hopkins ("Plaintiff"). If called as a witness, I am competent to testify to the statements contained herein. Portions of the exhibits have been redacted to exclude personal information.

4. I understand that Plaintiff has filed a lawsuit regarding Citibank's purported conduct in connection with telephone calls to Plaintiff's cell phone number ending in 5338 in an attempt to "collect on one or more alleged debts." Citibank's records reflect a Sears account currently ending in 5418 issued to Plaintiff on or about March 9, 2015 ("Sears Account"). Based upon my review of the records pertaining to the Sears Account, and as discussed below, I have determined that the Sears Account is subject to an arbitration agreement.

5. The Sears Account is subject to an arbitration agreement that is contained in the written terms and conditions governing the Account (the "Card Agreement"), as amended from time to time.

6. Attached as Exhibit 1 is an exemplar copy of the form of the Credit Card Disclosures and Card Agreement that was provided to Plaintiff when she applied for the Sears

Account. The Card Agreement contains the arbitration agreement that was provided to the Plaintiff when she opened the Sears Account.

7. Attached hereto as Exhibit 2 is a copy of the transaction detail reflected on the periodic billing statement for the Account for the period ending April 8, 2015. Exhibit 2 reflects Plaintiff's use of the Account after receiving the Card Agreement.

8. Attached as Exhibit 3 is an exemplar "Notice of Change In Terms and Right to Opt Out" ("2016 Change-In-Terms Notice") as well as a "Important Changes to Your Account Terms" and a new Card Agreement ("New Card Agreement") for the Sears Account, which was mailed to Plaintiff on or about November 2015. The New Card Agreement also contains an arbitration agreement.

9. The 2016 Change-In-Terms Notice specifically stated "We are changing your Card Agreement by replacing it with a new one." The effective date of this change as provided in the 2016 Change-In-Terms Notice is February 8, 2016.

10. I have reviewed Citibank's records for the Sears Account and there is no record that the postal service returned the 2016 Change-In-Terms Notice as undeliverable. Pursuant to Citibank's regular business practice, if mail had been returned, there would be a notation in the records for the Sears Account.

11. As discussed and instructed in the 2016 Change-In-Terms Notice, Plaintiff had the right to reject the arbitration agreement contained in the New Card Agreement as follows:

"You have the right to reject the change to arbitration. If you reject this change, your account will no longer be subject to an arbitration provision. You can reject the change to arbitration by writing to us at PO Box 6145, Sioux Falls, SD 57117 stating that you would like to reject the arbitration provision. Your letter must be postmarked on or before February 8, 2016. We will not close your account if you reject this change."

12. I have reviewed the records for the Sears Account and Plaintiff did not notify Citibank that Plaintiff rejected the changes in the 2016 Change-In-Terms Notice. If Plaintiff had rejected the 2016 Change-In-Terms Notice, the records for the Account would

include a notation indicating that Plaintiff's rejection of the 2016 Change-In-Terms Notice. There is no notation in the records for the Account; accordingly, the change-in-terms, including the Arbitration provision, applies to the Account.

I HEREBY DECLARE THAT THE ABOVE STATEMENT IS TRUE TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT I UNDERSTAND IT IS MADE FOR USE AS EVIDENCE IN COURT AND IS SUBJECT TO PENALTY FOR PERJURY.

DATED: 16 January 2019.

By: \_\_\_\_\_

Andrew Grayot

**CERTIFICATE OF SERVICE**

I hereby certify that on February 1, 2019, I electronically transmitted the attached **DECLARATION OF ANDREW GRAYOT IN SUPPORT OF DEFENDANT'S MOTION TO COMPEL ARBITRATION AND STAY ACTION** to the Clerk's office using the CM/ECF System for filing and transmittal of a Notice of Electronic Filing to the following CM/ECF registrants:

Sharon Cousineau  
700 W Evergreen Blvd  
Vancouver, WA 98660  
[sdcousineau@gmail.com](mailto:sdcousineau@gmail.com)  
*Attorney for Plaintiff*

Dated: February 1, 2019.

TOMASI SALYER MARTIN

By: /s/ Eleanor A. DuBay  
Eleanor A. DuBay, OSB #073755  
(503) 894-9900  
edubay@tomasilegal.com  
Attorneys for Defendant Citibank, N.A.



<b>Fees</b>	
<b>Transaction Fees</b>	
• Cash Advance	Either <b>\$5</b> or <b>5%</b> of the amount of each cash advance, whichever is greater.
<b>Penalty Fees</b>	
• Late Payment	Up to <b>\$35</b>
• Returned Payment	Up to <b>\$35</b>

**How We Will Calculate Your Balance:** We use a method called "daily balance (including current transactions)." See the Card Agreement for more details.

**Billing Rights:** Information on your rights to dispute transactions and how to exercise those rights is provided in the Card Agreement.

**Cash Advances:** Please note cash advances are available only to the extent of your cash advance limit. Your cash advance limit may be as low as \$0; it is a portion of your credit limit.

The information above is accurate as of 6/01/14.

For more information call Sears Credit Card Services at 1-800-669-8488. New York residents may contact the New York State Department of Financial Services by telephone, 1-800-342-3736, or visit its website, [www.dfs.ny.gov](http://www.dfs.ny.gov), for free information on comparative credit card rates, fees and grace periods.

#### **Terms and Conditions of Offer**

- This offer is only valid for new accounts. You must be at least 18 years of age (21 years of age in Puerto Rico). If you are married, you may apply for a separate account. Citibank, N.A. ("we" or "us") is the issuer of your Sears Card account. Citibank, N.A. is located in Sioux Falls, SD.
- Federal law requires us to obtain, verify and record information that identifies each person who opens an account, in order to help the government fight the funding of terrorism and money laundering activities. To process the application, we must have your name, street address, date of birth and other identifying information, and we may ask for identifying documents from you as well.
- We may gather information about you, including from your employer, your bank, credit bureaus, and others, to verify your identity and determine your eligibility for credit, renewal of credit, and future extensions of credit. If you ask us, we will tell you whether or not we requested a credit bureau report, and the names and addresses of any credit bureaus that provided us with such reports.
- To receive a Sears Card, you must meet our credit qualification criteria. Your credit limit will be determined by the income you provided and a review of your debt, including the debt listed on your credit report. You will be informed of the amount of your credit limit when you receive your card. Please note that cash advances may be limited to a portion of your credit limit.
- You authorize us to share with Sears Holdings Corporation and its affiliates experiential and transactional information regarding your activity with us.
- If you provide your email address, Citibank, N.A. may use it to contact you about your account and tell you about useful products and services. You are also providing your email address to Sears Holdings Corporation, which may use it to send you offers and news about the latest merchandise, promotions and sales.
- If income information is requested, alimony, child support, or separate maintenance income need not be revealed if you do not wish it to be considered as a basis for repaying this obligation.
- Please see the Card Agreement for important information.
- **Notice to Ohio Residents:** The Ohio laws against discrimination require that all creditors make credit equally available to all creditworthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio Civil Rights Commission administers compliance with this law.
- **Notice to Wisconsin Residents:** No marital property agreement, unilateral statement, or court decree adversely affects our rights, unless you give us a copy of such agreement, statement or court order before we grant you credit, or we have actual knowledge of its terms before your account is opened.

#### **Deferred Interest Promotional Offers on the Sears cards**

From time to time, as a Sears card holder you may be offered special limited time only deferred interest promotional offers.

Deferred interest promotional offers include the following types of offers:

- No Interest if Paid in Full in 6 Months
- No Interest if Paid in Full in 12 Months
- No Interest if Paid in Full in 18 Months
- No Interest if Paid in Full in 24 Months
- No Interest if Paid in Full in 36 Months
- No Interest if Paid in Full in 48 Months
- No Interest if Paid in Full in 60 Months
- No Interest if Paid in Full by a specific date (for example, by December 31, 2016)

If the balance is not paid in full by the end of the promotional period, interest charges will be imposed from the purchase date at the purchase rate on your account which is 25.24% APR. This APR is as of June 1, 2014 and will vary with the market based on the Prime Rate.

These offers are not available all the time and may be limited to specific merchandise and/or have minimum payment and purchase requirements as disclosed in the offer.

Your Card Agreement, the terms of the offer and applicable law govern these transactions including increasing APRs and fees and termination of the promotional period.

EGLB04/14



FACTS WHAT DOES CITIBANK DO WITH YOUR PERSONAL INFORMATION?		
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.	
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include <ul style="list-style-type: none"><li>• Social Security number and income</li><li>• account balances and employment information</li><li>• credit history and transaction history</li></ul>	
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Citibank chooses to share; and whether you can limit this sharing.	
Reasons we can share your personal information	Does Citibank share?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes - to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes - information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes - information about your creditworthiness	Yes	Yes
For our affiliates to market to you	Yes	Yes
For our nonaffiliates to market to you	Yes	Yes
To limit our sharing	Call 1-877-491-0609 - our menu will prompt you through your choice(s). <b>Please note:</b> If you are a new customer, we can begin sharing your information 30 days from the date we sent this notice. When you are no longer our customer, we continue to share your information as described in this notice. However, you can contact us any time to limit our sharing.	
Questions?	Call 1-877-491-0609 or call the Customer Service number on the back of your credit card or on your billing statement.	
Who we are		
Who is providing this notice?	This notice is provided by the retail partner cards group of Citibank, N.A., the bank that issues your credit card.	

<b>What we do</b>	
<b>How does Citibank protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures to comply with federal law. These measures include computer safeguards and secured files and buildings.
<b>How does Citibank collect my personal information?</b>	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>• provide account information or give us your contact information</li> <li>• provide employment information or apply for a loan</li> <li>• use your credit or debit card</li> </ul> We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
<b>Why can't I limit all sharing?</b>	Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes - information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you.</li> </ul> State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.
<b>What happens when I limit sharing for an account I hold jointly with someone else?</b>	Your choices will apply to everyone on your account.
<b>Definitions</b>	
<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• Our affiliates include companies with a Citi name; financial companies such as Citigroup Global Markets Inc. and Banamex USA.</li> </ul>
<b>Nonaffiliates</b>	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• Nonaffiliates we share with can include companies engaged in direct marketing and the selling of consumer products and services.</li> </ul>
<b>Joint marketing</b>	A formal agreement between nonaffiliated financial companies that together market financial products and services to you. <ul style="list-style-type: none"> <li>• Our joint marketing partners include insurance companies and other financial companies.</li> </ul>
<b>Other Important Information</b>	
<b>For Vermont Residents:</b> We will not share information we collect about you with nonaffiliated third parties, except as permitted by Vermont law, such as to process your transactions or to maintain your account. In addition, we will not share information about your creditworthiness with our affiliates except with your authorization.	
<b>For California Residents:</b> We will not share information we collect about you with nonaffiliated third parties, except as permitted by California law, such as to process your transactions or to maintain your account.	
We may share your personal information, as permitted by law, with the retailer whose name is on your card and with the companies related to the retailer. You cannot limit this sharing.	
<b>Important Information about Credit Reporting</b>	
We may report information about your account to credit bureaus. Late payments, missed payments or other defaults on your account may be reflected in your credit report.	



## Card Agreement

This Card Agreement is your contract with us. It governs the use of your card and account. Please read these documents carefully. Keep these documents for your records.

### Definitions

**account** means the relationship established between you and us by this Agreement.

**APR** means an annual percentage rate.

**authorized user** means any person you allow to use your account.

**card** means one or more cards or other access devices that we give you to get credit under this Agreement. This includes account numbers.

**we, us, and our** mean Citibank, N.A., the issuer of your account. Citibank, N.A. is located in Sioux Falls, SD.

**you, your, and yours** mean the person who applied to open the account. It also means any other person responsible for complying with this Agreement.

### Your Account

You agree to use your account in accordance with this Agreement. You must pay us for all amounts due on your account. This Agreement is binding on you unless you close your account within 30 days after receiving the card and you have not used or authorized use of the card. Your account must only be used for lawful transactions.

**Authorized Users.** You may request additional cards for authorized users. Each authorized user is your agent and may use, manage, and receive information about the account to the same extent as you, subject to any limitations we may impose. You must pay us for all charges made by authorized users. You must pay us even if you did not intend to be responsible for those charges. You must notify us to withdraw any permission you give to an authorized user to use your account.

**Joint Accounts.** If this is a joint account, each of you is responsible individually and together for all amounts owed. Each of you is responsible even if the account is used by only one of you. You will continue to be liable for the entire balance of the account, even if your co-applicant is ordered by a court to pay us. You will remain liable to us if your co-applicant fails to pay as ordered by the court. Your account status will continue to be reported to the credit bureau under each of your names. The delivery of notices or billing statements to either of you serves as delivery to each of you. We may rely on instructions given by either of you. We are not liable to either of you for relying upon such instructions.

**Credit Limit.** Your initial credit limit is on the Temporary Shopping Pass. After that, your credit limit appears on your billing statement. The full amount of your credit limit is available to use where the card is honored. We will notify you separately what part of your credit limit is available for cash advances. That part is called the cash advance limit. We may reduce or increase your credit limit or cash advance limit at any time for any reason as permitted by law. We will notify you of any change, but the change may take effect before you receive the notice. You should always keep your total balance below the credit limit. However, if the total balance goes over your credit limit you still must pay us. If your account has a credit balance, we may reduce the credit balance by any new charges on your account. You may not maintain a credit balance in excess of your credit limit.

**Checks.** We may provide you with convenience checks. You may not use convenience checks to pay an amount owed to us under this Agreement or to pay another account with us or an affiliate. We do not certify these checks or return any checks that have been paid.

**Billing Statement.** Your billing statement shows the New Balance. This is the total amount you owe us on the Statement Closing Date. To determine the New Balance, we begin with the total balance at the start of the billing cycle. We add any purchases or cash

balance (the "excluded promotional balance") is excluded from the amount you must pay in full to get a grace period. However, you must still pay any separately required payment on the excluded promotional balance. In billing cycles in which payments are allocated to deferred interest balances first, the deferred interest balance will be reduced before any other balance on the account. However, you will continue to get a grace period on purchases so long as you pay the New Balance less any excluded promotional balances in full by the payment due date each billing cycle.

In addition, certain promotional offers may take away the grace period on purchases. Other promotional offers not described above may also allow you to have a grace period on purchases without having to pay all or a portion of the promotional balance by the payment due date. If either is the case, the promotional offer will describe what happens.

**Calculation of Interest Charges - Daily Balance Method (Including Current Transactions).** We calculate interest charges each billing cycle. To do this:

- We start with each of your different balances. These balances include, for example, regular purchases, Old Balances, regular cash advances, and different promotional balances. (When we calculate interest charges, we treat each deferred interest transaction separately even if it has the same terms as another deferred interest transaction.)
- We calculate the daily balance for each of your different balances. To get a daily balance, we start with the balance as of the end of the previous day. We add any interest charge on the previous day's balance. (This results in daily compounding of interest charges.) We add any new charges. We then subtract any new credits or payments.
- We multiply each daily balance by the daily periodic rate that applies to it. We do this for each day in the billing cycle. This gives us the daily interest charges for each of your different balances.
- We add up all the daily interest charges. The sum is the total interest charge for the billing cycle.
- You authorize us to round interest charges to the nearest cent.

When we calculate daily balances, we add a purchase or cash advance as of the Transaction Date. (The Transaction Date for a cash advance is the date we get a request to complete a transaction. When you send a convenience check directly to someone, the Transaction Date is the date we receive the check for payment. The Transaction Date is on the billing statement.) We add a transaction fee to the same balance as the transaction. We generally add other fees, including credit protection fees and insurance charges, to the regular purchase balance. We subtract a payment or credit as of the day it is credited to the account and then make other adjustments. We treat a credit balance as a balance of zero.

**Minimum Interest Charge.** If we charge you interest, the charge will be no less than \$2. We add the charge to the regular purchase balance or allocate it among one or more of the balances that accrues interest.

**Balance Subject to Interest Rate.** Your statement shows a Balance Subject to Interest Rate. It shows this for each different balance. The Balance Subject to Interest Rate is the average of the daily balances during the billing cycle. A billing cycle begins on the day after the Statement Closing Date of the previous billing cycle. It includes the Statement Closing Date of the current billing cycle.

### Fees

**Transaction Fee for Cash Advances.** You take a cash advance if you use a cash advance convenience check; get money through an automated teller machine (ATM); or get money through home banking or a financial institution. You also take a cash advance if you make a wire transfer; buy a money order, traveler's check, lottery ticket, casino chip, or similar item; or engage in a similar transaction. For each cash advance we add a transaction fee of 5% of the amount of the cash advance, but not less than \$5.

advances. We subtract any credits or payments. We then add any interest charges or fees and make other adjustments.

Your billing statement also shows your transactions; the Minimum Payment Due and payment due date; your credit limit and cash advance limit; and your interest charges and fees.

We deliver a billing statement to only one address. You must notify Customer Service of a change in address. We may stop sending you statements if we deem your account uncollectible or start collection proceedings; but we may continue to add interest and fees as permitted by law.

#### APRs

**Variable APRs Based on Prime.** If any APR is based on the U.S. Prime Rate ("Prime Rate"), the APR will equal the Prime Rate plus an additional amount. If the Prime Rate increases, it will cause the APR to increase. If the Prime Rate decreases, it will cause the APR to decrease. For each billing cycle we use the Prime Rate published in *The Wall Street Journal* two business days before the Statement Closing Date. If the Prime Rate causes an APR to change, we put the new APR into effect as of the first day of the billing cycle for which we calculate the APR. We apply the new APR to any existing balances, subject to any promotional rate that may apply. If *The Wall Street Journal* does not publish the Prime Rate, we will use a similar published rate.

**APR for Purchases.** There is a variable regular purchases APR. It equals the Prime Rate plus 21.99%. As of June 1, 2014, this Annual Percentage Rate is 25.24%. This APR equals a daily periodic rate of 0.06915%.

**APR for Cash Advances.** There is a variable regular cash advance APR. It equals the Prime Rate plus 23.90%. As of June 1, 2014, this Annual Percentage Rate is 27.15%. This APR equals a daily periodic rate of 0.07438%.

**Effect of APR Increases.** If an APR increases, interest charges increase. Your minimum payment may increase as well.

#### Promotions

We may offer promotional terms for all or a part of any balances. Any promotional terms may apply for a limited period of time. They will be governed by the terms of the promotional offer and this Agreement. Your promotional terms will end when the promotional period expires. The promotional offer will tell you if we require a separate minimum payment on the promotional balance.

If a promotional offer is a deferred interest offer, no interest charges will be imposed on the deferred interest balance if you pay the balance in full by the end of the promotional period for that deferred interest balance. We will impose interest charges on the deferred interest balance at the APR for regular purchases from the date of purchase if you do not pay the balance in full by the end of the promotional period.

#### Interest Charges Based on APRs

**Interest Charges.** We impose interest charges when we apply APRs to your account balances. We do this every day by using a daily periodic rate. To get a daily periodic rate, we divide the APR by 365.

**When Interest Charges Begin.** We begin to impose interest charges the first day we add a charge to a daily balance. The charges we add to a daily balance include purchases and cash advances. They also include interest charges and fees. We continue to impose interest charges until we credit your account with full payment of the total amount you owe us.

**Grace Period on Purchases.** You can avoid interest charges on purchases, but not on cash advances. This is called a grace period on purchases. The grace period is at least 25 days. To get a grace period on purchases, you must pay the New Balance by the payment due date every billing cycle. If you do not, you will not get a grace period until you pay the New Balance for two billing cycles in a row.

If you have a balance subject to a deferred interest promotion and that promotion does not expire before the payment due date, that

**Late Fee.** We may add a late fee for each billing cycle in which you have a past due payment. For late fee purposes, you have a past due payment any time you fail to pay the Minimum Payment Due by the payment due date. The fee will be \$25; or \$35 for any additional past due payment during the next six billing cycles after a past due payment. However, the fee will not exceed the amount permitted by law. We add this fee to the regular purchase balance.

**Returned Payment Fee.** We may add a returned payment fee for a returned payment. A returned payment is an electronic debit, payment check, or similar payment instrument, that is returned unpaid. We may add this fee the first time your payment is returned, even if it is not returned upon resubmission. The fee will be \$25; or \$35 for any additional returned payment during the same or next six billing cycles after a returned payment. However, the fee will not exceed the amount permitted by law. We add this fee to the regular purchase balance.

**Returned Convenience Check Fee.** We may add a returned convenience check fee for a returned convenience check. A returned convenience check is any convenience check we do not honor. We may not honor these checks if the amount of the check would cause the balance to go over the cash advance limit or credit limit. We also may not honor these checks if you default; if you did not comply with our instructions regarding the check; if your account has been closed; or for other reasons. The fee will be \$25; or \$35 for any returned convenience check during the same or next six billing cycles after a returned convenience check. However, the fee will not exceed the amount permitted by law. We add this fee to the regular purchase balance.

**Stop Payment on Convenience Check Fee.** We add a \$39 fee if we honor your request to stop payment on a convenience check. Write us at P.O. Box 6275, Sioux Falls, SD 57117 to stop payment on a convenience check. You can also call the Customer Service number on the billing statement. If you call, you must confirm the call in writing within 14 days. A written stop payment order is good for 6 months unless renewed in writing. We add this fee to the regular purchase balance.

#### Information on Foreign Currency Conversion

If you make a transaction in a foreign currency, Sears or one of its affiliates converts the amount into U.S. dollars. Sears and its affiliates follow their own foreign currency conversion procedures to do so. These may change from time to time without notice. Currently, Sears and its affiliates use a conversion rate in effect on the date of conversion. This rate is either a retail market rate or the government-mandated rate. The conversion rate you get is the one used on the transaction's processing date. This may be different from the one in effect on the Transaction Date or post date for the transaction.

#### Payments

**Making Payments.** You may pay all or part of your account balance at any time. However, you must pay at least the Minimum Payment Due by the payment due date each billing cycle. The sooner you pay the New Balance, the less you will pay in interest charges.

We calculate the Minimum Payment Due as follows. We begin with any past due amount. We add any amount specified in a promotional offer. We add any amount required by the Promotion Calculation. We also add the largest of the following:

- The Calculated New Balance if it is less than \$25;
- \$25 if the Calculated New Balance is at least \$25;
- 1% of the Calculated New Balance (the result is rounded up to the nearest dollar) plus the amount of your billed interest charges on that balance, any minimum interest charge allocated to that balance, and any applicable late fee. However, we subtract interest charges that accrued during prior billing cycles on a deferred interest balance that ended during the billing cycle covered by the statement; or
- 1.5% of the Calculated New Balance (the result is rounded up to the nearest dollar).

**Card Agreement (Continued)**

The Calculated New Balance equals the New Balance on the billing statement less any balances subject to the Promotion Calculation and less any balances subject to either of two types of promotional terms. The first type are terms that do not require a minimum payment. The second type are terms that require an additional amount as part of the Minimum Payment Due.

The Promotion Calculation applies to some deferred interest transactions made on or after September 27, 2011. The Promotion Calculation is based on the transaction amount as shown on the first statement that displays the transaction. It applies if, paying \$25 on this balance each billing cycle would result in repayment before the end of the promotion period. The Promotion Calculation equals 1% of this balance during the promotion period. (The result is rounded up to the nearest cent.) The Promotion Calculation only applies during the promotion period. For deferred interest transactions made at Sears Holdings Corporation entities and its participating affiliates, subsidiaries and licensees, excluding Kmart and select Orchard Supply Hardware stores, if a protection agreement is part of the deferred interest transaction, the protection agreement is treated as a separate transaction for purposes of evaluating whether the Promotion Calculation applies. Multiple protection agreements that are part of one deferred interest transaction are treated as one separate transaction.

The Minimum Payment Due may reflect adjustments to the New Balance. The Minimum Payment Due is never more than the Calculated New Balance plus two amounts. The first is any amount required by a promotional offer. The second is any amount required by the Promotion Calculation.

**Application of Payments.** Payments in excess of the Minimum Payment Due are applied in accordance with law. This means that we will generally apply payments in excess of the Minimum Payment Due to higher APR balances first. However, excess payments received before a deferred interest promotion expires are applied to the deferred interest promotional balance first in the last two billing cycles of the promotional period. And, if the expiration date of a deferred interest promotion is before the payment due date in the billing cycle in which the deferred interest promotion expires, excess payments received before the deferred interest promotion expires are applied to the deferred interest promotional balance first in the last three billing cycles of the promotional period. Payments equal to or less than the Minimum Payment Due and credits are applied at our discretion and you authorize us to apply payments and credits in a way that is most favorable or convenient for us. This may include applying such payments and credits to lower APR balances first and to balances with longer promotional periods first.

**Payment Instructions.** We credit your payments in accordance with our payment instructions on the billing statement. You must pay us in U.S. dollars. To do so, you must use a check, similar instrument, or electronic debit that is drawn on and honored by a bank in the U.S. Do not send cash. We can accept late or partial payments, or payments that reflect "paid in full" or other restrictive endorsements, without losing our rights. We also reserve the right to accept payments made in foreign currency and instruments drawn on funds on deposit outside the U.S. If we do, we select the currency conversion rate. We will then credit your account in U.S. dollars after deducting any costs incurred in processing your payment. Or we may bill you separately for these costs.

**Optional Pay by Phone Service.** You may use our optional Pay by Phone Service to make your payment by phone. To do so, call us to request the service. You agree to pay us the Pay by Phone fee shown in the Pay by Phone section on the back of the billing statement when a representative of ours helps expedite your payment. Our representatives are trained to tell you this amount when you use this service.

**Credit Reporting**

We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report. We may report account information in your name and the names of authorized users. We may also obtain follow-up credit reports on you.

If you think we reported incorrect information to a credit bureau, write us at the Customer Service address on the billing statement. We will investigate the matter. We will then tell you if we agree or disagree with you. If we agree with you, we will contact each credit bureau to which we reported and request a correction. If we disagree with you, we will tell you that.

the current rules of each of the arbitration firms and forms and instructions for initiating an arbitration by contacting them as follows:

American Arbitration Association  
800-778-7879 (toll-free)  
Website: [www.adr.org](http://www.adr.org)

JAMS  
800-352-5267 (toll-free)  
Website: [www.iamadr.com](http://www.iamadr.com)

At any time you or we may ask an appropriate court to compel arbitration of Claims, or to stay the litigation of Claims pending arbitration, even if such Claims are part of a lawsuit, unless a trial has begun or a final judgment has been entered. Even if a party fails to exercise these rights at any particular time, or in connection with any particular Claims, that party can still require arbitration at a later time or in connection with any other Claims.

**What procedures and law are applicable in arbitration?** A single, neutral arbitrator will resolve Claims. The arbitrator will be either a lawyer with at least ten years experience or a retired or former judge, selected in accordance with the rules of the arbitration firm. The arbitration will follow procedures and rules of the arbitration firm in effect on the date the arbitration is filed unless those procedures and rules are inconsistent with this Agreement, in which case this Agreement will prevail. Those procedures and rules may limit the discovery available to you or us. The arbitrator will take reasonable steps to protect customer account information and other confidential information if requested to do so by you or us. The arbitrator will apply applicable substantive law consistent with the FAA and applicable statutes of limitations, will honor claims of privilege recognized at law, and will have the power to award to a party any damages or other relief provided for under applicable law. You or we may choose to have a hearing and be represented by counsel. The arbitrator will make any award in writing and, if requested by you or us, will provide a brief statement of the reasons for the award. An award in arbitration shall determine the rights and obligations between the named parties only, and only in respect of the Claims in arbitration, and shall not have any bearing on the rights and obligations of any other person, or on the resolution of any other dispute.

**Who pays?** Whoever files the arbitration pays the initial filing fee. If we file, we pay; if you file, you pay, unless you get a fee waiver under the applicable rules of the arbitration firm. If you have paid the initial filing fee and you prevail, we will reimburse you for that fee. If there is a hearing, we will pay any fees of the arbitrator and arbitration firm for the first day of that hearing. All other fees will be allocated as provided by the rules of the arbitration firm and applicable law. However, we will advance or reimburse your fees if the arbitration firm or arbitrator determines there is good reason for requiring us to do so, or if you ask us and we determine there is good reason for doing so. Each party will bear the expense of that party's attorneys, experts, and witnesses, and other expenses, regardless of which party prevails, but a party may recover any or all expenses from another party if the arbitrator, applying applicable law, so determines.

**Who can be a party?** Claims must be brought in the name of an individual person or entity and must proceed on an individual (non-class, non-representative) basis. The arbitrator will not award relief for or against anyone who is not a party. If you or we require arbitration of a Claim, neither you, we, nor any other person may pursue the Claim in arbitration as a class action, private attorney general action or other representative action, nor may such Claim be pursued on your or our behalf in any litigation in any court. Claims, including assigned Claims, of two or more persons may not be joined or consolidated in the same arbitration. However, applicants, co-applicants, authorized users on a single account and/or related accounts, or corporate affiliates are here considered as one person.

**When is an arbitration award final?** The arbitrator's award is final and binding on the parties unless a party appeals it in writing to the arbitration firm within fifteen days of notice of the award. The appeal must request a new arbitration before a panel of three neutral arbitrators designated by the same arbitration firm. The panel will consider all factual and legal issues anew, follow the same rules that apply to a proceeding using a single arbitrator, and make decisions based on the vote of the majority. Costs will be allocated in the same way they are allocated for arbitration before a single arbitrator. An award by a panel is final and binding on the parties after fifteen days have passed. A final and binding award is subject

Exhibit 1



disagree with you, we will tell you that.

#### Information Sharing

You authorize us to share information about you as permitted by law. This includes information we get from you and others. It also includes information about your transactions with us. Please see our Privacy Notice for details about our information sharing practices.

#### Changes to this Agreement

We may change the rates, fees, and terms of this Agreement from time to time as permitted by law. The changes may add, replace, or remove provisions of this Agreement. We will give you advance written notice of the changes and a right to opt out to the extent required by law.

#### Default

You default under this Agreement if you fail to pay the Minimum Payment Due by its due date; go over your credit limit; pay by a check or similar instrument that is not honored or that we must return because it cannot be processed; pay by electronic debit that is returned unpaid; file for bankruptcy; or fail to comply with the terms of this Agreement. If you default, we may close your account and, to the extent permitted by law, demand immediate payment of the total balance.

#### Refusal of the Card, Closed Accounts, and Related Provisions

**Refusal of the Card.** We do not guarantee approval of transactions. We are not liable for transactions that are not approved. That is true even if you have enough credit. We may limit the number of transactions approved in one day. If we detect unusual or suspicious activity, we may suspend your credit privileges.

**Preauthorized Charges.** We may suspend any automatic or other preauthorized card charges you arrange with a third party. We may do this if you default; if the card is lost or stolen; or we change your account for any reason. If we do this, you are responsible for paying the third party directly if you wish to do so. You are also responsible for reinstating the preauthorized charges if you wish to do so and we permit it.

**Lost or Stolen Cards, Account Numbers, or Convenience Checks.** You must call us if any card, account number, or check is lost or stolen. You must also call us if you think someone used or may use them without permission. When you call, we may require you to provide information to help our investigation. We may require you to provide this information in writing. For example, we may ask you to identify any charges that were not made by you or someone authorized by you. We may also ask you to confirm that you received no benefit from those charges.

**Closing Your Account.** You may close your account by notifying us in writing or over the phone. If you close your account, you must still repay the total balance in accordance with this Agreement. We may also close your account or suspend account privileges at any time for any reason. We may do this without prior notice to you. We may also reissue a different card at any time. You must return any card to us upon request.

#### ARBITRATION

**PLEASE READ THIS PROVISION OF THE AGREEMENT CAREFULLY. IT PROVIDES THAT ANY DISPUTE MAY BE RESOLVED BY BINDING ARBITRATION. ARBITRATION REPLACES THE RIGHT TO GO TO COURT, INCLUDING THE RIGHT TO A JURY AND THE RIGHT TO INITIATE OR PARTICIPATE IN A CLASS ACTION OR SIMILAR PROCEEDING. IN ARBITRATION, A DISPUTE IS RESOLVED BY AN ARBITRATOR INSTEAD OF A JUDGE OR JURY. ARBITRATION PROCEDURES ARE SIMPLER AND MORE LIMITED THAN COURT PROCEDURES.**

**Agreement to Arbitrate:** Either you or we may, without the other's consent, elect mandatory, binding arbitration for any claim, dispute, or controversy between you and us (called "Claims").

#### Claims Covered

**What Claims are subject to arbitration?** All Claims relating to your account, a prior related account, or our relationship are

after fifteen days has passed. A final and binding award is subject to judicial review and enforcement as provided by the FAA or other applicable law.

#### Survival and Severability of Terms

This arbitration provision shall survive: (i) termination or changes in the Agreement, the account, or the relationship between you and us concerning the account; (ii) the bankruptcy of any party; and (iii) any transfer, sale or assignment of your account, or any amounts owed on your account, to any other person or entity. If any portion of this arbitration provision is deemed invalid or unenforceable, the entire arbitration provision shall not remain in force. No portion of this arbitration provision may be amended, severed or waived absent a written agreement between you and us.

#### Governing Law and Enforcing our Rights

**Governing Law.** Federal law and the law of South Dakota, where we are located, govern the terms and enforcement of this Agreement.

**Enforcing this Agreement.** We will not lose our rights under this Agreement because we delay in enforcing them or fail to enforce them.

**Collection Costs.** To the extent permitted by law, you are liable to us for our legal costs if we refer collection of your account to a lawyer who is not our salaried employee. These costs may include reasonable attorneys' fees. They may also include costs and expenses of any legal action.

**Assignment.** We may assign any or all of our rights and obligations under this Agreement to a third party.

#### For Further Information

Call us toll-free for further information. Call the toll-free Customer Service telephone number shown on the billing statement or on the back of your card. You can also call local or toll-free Directory Assistance to get our telephone number.

Ken Stork	Citibank, N.A.
Vice President	P.O. Box 6000
	Sioux Falls, SD 57117

#### Your Billing Rights:

##### Keep this Document for Future Use

This notice tells you about your rights and our responsibilities under the Fair Credit Billing Act.

##### What To Do If You Find A Mistake On Your Statement

If you think there is an error on your statement, write to us at the address for billing inquiries and correspondence shown on the front of your statement.

In your letter, give us the following information:

- **Account information:** Your name and account number.
- **Dollar amount:** The dollar amount of the suspected error.
- **Description of problem:** If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us:

- Within 60 days after the error appeared on your statement.
- At least 3 business days before an automated payment is scheduled, if you want to stop payment on the amount you think is wrong.

You must notify us of any potential errors in writing. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.

##### What Will Happen After We Receive Your Letter

When we receive your letter, we must do two things:

1. Within 30 days of receiving your letter, we must tell you that we received your letter. We will also tell you if we have already corrected the error.
2. Within 90 days of receiving your letter, we must either correct the error or explain to you why we believe the bill is correct.

While we investigate whether or not there has been an error:

subject to arbitration, including Claims regarding the application, enforceability, or interpretation of this Agreement and this arbitration provision. All Claims are subject to arbitration, no matter what legal theory they are based on or what remedy (damages, or injunctive or declaratory relief) they seek. This includes Claims based on contract, tort (including intentional tort), fraud, agency, your or our negligence, statutory or regulatory provisions, or any other sources of law; Claims made as counterclaims, cross-claims, third-party claims, interpleaders or otherwise; and Claims made independently or with other claims. A party who initiates a proceeding in court may elect arbitration with respect to any Claim advanced in that proceeding by any other party. Claims and remedies sought as part of a class action, private attorney general or other representative action are subject to arbitration on an individual (non-class, non-representative) basis, and the arbitrator may award relief only on an individual (non-class, non-representative) basis.

**Whose Claims are subject to arbitration?** Not only ours and yours, but also Claims made by or against anyone connected with us or you or claiming through us or you, such as a co-applicant or authorized user of your account, an employee, agent, representative, affiliated company, predecessor or successor, heir, assignee, or trustee in bankruptcy.

**What time frame applies to Claims subject to arbitration?** Claims arising in the past, present, or future, including Claims arising before the opening of your account, are subject to arbitration.

**Broadest interpretation.** Any questions about whether Claims are subject to arbitration shall be resolved by interpreting this arbitration provision in the broadest way the law will allow it to be enforced. This arbitration provision is governed by the Federal Arbitration Act (the "FAA").

**What about Claims filed in Small Claims Court?** Claims filed in a small claims court are not subject to arbitration, so long as the matter remains in such court and advances only an individual (non-class, non-representative) Claim.

**What about debt collections?** We and anyone to whom we assign your debt will not initiate an arbitration proceeding to collect a debt from you unless you assert a Claim against us or our assignee. We and any assignee may seek arbitration on an individual basis of any Claim asserted by you, whether in arbitration or any proceeding, including in a proceeding to collect a debt. You may seek arbitration on an individual basis of any Claim asserted against you, including in a proceeding to collect a debt.

#### **How Arbitration Works**

**How does a party initiate arbitration?** The party filing an arbitration must choose one of the following two arbitration firms and follow its rules and procedures for initiating and pursuing an arbitration: American Arbitration Association or JAMS. Any arbitration hearing that you attend will be held at a place chosen by the arbitration firm in the same city as the U.S. District Court closest to your then current billing address, or at some other place to which you and we agree in writing. You may obtain copies of

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

After we finish our investigation, one of two things will happen:

- *If we made a mistake:* You will not have to pay the amount in question or any interest or other fees related to that amount.
- *If we do not believe there was a mistake:* You will have to pay the amount in question, along with applicable interest and fees. We will send you a statement of the amount you owe and the date payment is due. We may then report you as delinquent if you do not pay the amount we think you owe.

If you receive our explanation but still believe your bill is wrong, you must write to us within 10 days telling us that you still refuse to pay. If you do so, we cannot report you as delinquent without also reporting that you are questioning your bill. We must tell you the name of anyone to whom we reported you as delinquent, and we must let those organizations know when the matter has been settled between us.

If we do not follow all of the rules above, you do not have to pay the first \$50 of the amount you question even if your bill is correct.

#### **Your Rights If You Are Dissatisfied With Your Credit Card Purchases**

If you are dissatisfied with the goods or services that you have purchased with your credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the purchase.

To use this right, all of the following must be true:

1. The purchase must have been made in your home state or within 100 miles of your current mailing address, and the purchase price must have been more than \$50. (Note: Neither of these are necessary if your purchase was based on an advertisement we mailed to you, or if we own the company that sold you the goods or services.)
2. You must have used your credit card for the purchase. Purchases made with cash advances from an ATM or with a check that accesses your credit card account do not qualify.
3. You must not yet have fully paid for the purchase.

If all of the criteria above are met and you are still dissatisfied with the purchase, contact us *in writing* at the address for billing inquiries and correspondence shown on the front of your statement.

While we investigate, the same rules apply to the disputed amount as discussed above. After we finish our investigation, we will tell you our decision. At that point, if we think you owe an amount and you do not pay, we may report you as delinquent.

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**Account Statement**

Send Notice of Billing Errors and Customer Service Inquiries to:  
SEARS CREDIT CARDS  
PO Box 6283, Sioux Falls, SD 57117-8283

**sears Card®**

**Customer Service:**  
searscard.com



**Account Inquiries:**  
1-800-917-7700

Account Number: 5418

**Summary of Account Activity**

Previous Balance	\$0.00
Payments	-\$0.00
Other Credits	-\$0.00
Purchases	+\$291.16
Cash Advances	+\$0.00
Fees Charged	+\$0.00
Interest Charged	+\$0.00
New Balance	\$291.16
Past Due Amount	\$0.00

Credit Limit	\$501.00
Available Credit	\$209.00
Amount Over Credit Limit	\$0.00
Statement Closing Date	04/08/2015
Next Statement Closing Date	05/08/2015
Days in Billing Cycle	30

**Payment Information**

New Balance	\$291.16
Minimum Payment Due	\$25.00
Payment Due Date	May 5, 2015

**Late Payment Warning:** If we do not receive your minimum payment by the date listed above, you may have to pay a late fee up to \$35.

**Minimum Payment Warning:** If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

If you make no additional charges using this card and each month you pay...	You will pay off the balance shown on this statement in about...	And you will end up paying an estimated total of...
Only the minimum payment	14 months	\$337

If you would like information about credit counseling services, call 1-877-337-8187.

Please update your phone number, including cell phone number on the back of the payment coupon.

**TRANSACTIONS**

Trans Date	Description	Reference #	Amount
03/10	PROTECTION AGREEMENT, LAUNDRY	P9351002800XTN8XK	\$ 291.16

**FEES**

TOTAL FEES FOR THIS PERIOD	\$ 0.00
----------------------------	---------

**INTEREST CHARGED**

TOTAL INTEREST FOR THIS PERIOD	\$ 0.00
--------------------------------	---------

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Try it free for 90 days at sears.com/maxcard



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MAX®**

A \$9.75 value. Visit sears.com/maxcard for details. Shop Your Way MAX® applies only to mailable items sold by Sears, Kmart and select Marketplace products. Available only to new Shop Your Way MAX members. The Shop Your Way MAX program is offered by Sears Holdings Management Corporation. Citibank is not responsible for products or services offered by other companies.

PLEASE SEE IMPORTANT INFORMATION ON PAGES 2 AND 4.

Page 1 of 8

This Account is issued by Citibank, N.A.

SE 4

↓ Please detach and return lower portion with your payment to insure proper credit. Retain upper portion for your records. ↓

**sears®**

PO BOX 6286  
SIOUX FALLS, SD 57117-8286

Statement Enclosed

Your Account Number is 5418



**GIVE A  
GIFT CARD.  
SMILES INCLUDED.**

Get your Sears & Kmart  
gift cards in store or online  
Terms and conditions are applied to gift card



Payment Due Date	May 5, 2015
New Balance	\$291.16
Past Due Amount	\$0.00
Minimum Payment Due	\$25.00

Amount Enclosed: \$

Please print address changes on the reverse side.  
Make Checks Payable to ▼

TIFFANY D HOPKINS  
  
PORTLAND, OR 97206-1832

SEARS CREDIT CARDS  
PO BOX 688956  
DES MOINES, IA 50368-8956

Exhibit 2  
Page 1 of 8



**Information About Your Account.**

**How to Avoid Paying Interest on Purchases.** Your payment due date is at least 25 days after the close of each billing cycle. We will not charge you any interest on purchases if you pay your New Balance by the payment due date each month. This is called a grace period on purchases. If you do not pay the New Balance in full by the payment due date, you will not get a grace period on purchases until you pay the New Balance in full for two billing cycles in a row. We will begin charging interest on cash advances and balance transfers (if available on your account) on the transaction date.

If you have a balance subject to a deferred interest promotion and that promotion does not expire before the payment due date, that balance (the "excluded promotional balance") is excluded from the amount you must pay in full to get a grace period. However, you must still pay any separately required payment on the excluded promotion. In billing cycles in which payments are allocated to deferred interest balances first, the deferred interest balance will be reduced before any other balance on the account. However, you will continue to get a grace period on purchases so long as you pay the New Balance less any excluded promotional balances in full by the payment due date each billing cycle.

In addition, certain promotional offers may take away the grace period on purchases. Other promotional offers not described above may also allow you to have a grace period on purchases without having to pay all or a portion of the promotional balance by the payment due date. If either is the case, the promotional offer will describe what happens.

**How We Calculate Your Balance Subject to Interest Rate.** We use a daily balance method (including current transactions) to calculate interest charges. To find out more information about the balance computation method and how the resulting interest charges were determined, contact us at the Account Inquiries number on the front.

**Balance Transfers.** Balance transfer amounts are included in the "Purchases" line in the Summary of Account Activity (if balance transfers are available on your account).

**Transaction Date.** The Transaction Date shown on the statement is also the Sale Date.

**Other Account and Payment Information.**

**Payment Amount.** You may pay all or part of your account balance at any time. However, you must pay, by the payment due date, at least the minimum payment due.

**When Your Payment Will Be Credited.** If we receive your payment in proper form at our processing facility by 5 p.m. local time there, it will be credited as of that day. A payment received there in proper form after that time will be credited as of the next day. Allow 5 to 7 days for payments by regular mail to reach us. There may be a delay of up to 5 days in crediting a payment we receive that is not in proper form or is not sent to the correct address. The correct address for regular mail is the address on the front of the payment coupon. The correct address for courier or express mail is the Express Mail Address shown in the Express Mail section.

**Proper Form.** For a payment sent by mail or courier to be in proper form, you must:

- **Enclose** a valid check or money order. No cash, gift cards, or foreign currency please.
- **Include** your name and the last four digits of your account number.

**Payment Other Than By Mail.**

- **In-Store (Where Available).** Any payment in proper form accepted in-store will be credited as of that day. However, credit availability may be subject to verification of funds. Not all stores accept payments. Contact your local store to see if in-store payments are accepted at that location.
- **Online.** Go to the URL on Page 1 of your statement to make a payment. For security reasons, you may not be able to pay your entire New Balance the first time you make a payment online. The payment cutoff time for Online Bill Payments is midnight Eastern time. This means that we will credit your account as of the calendar day, based on Eastern time, that we receive your payment request.
- **AutoPay.** Sign up at Account Online to have your payment amount automatically deducted each month from the account you choose. Your card account will be credited on the due date with that amount.
- **Phone.** Call the phone number on Page 1 of your statement to make a payment. We may process your payment electronically after we verify your identity. The payment cutoff time for Phone Payments is midnight Eastern time. This means that we will credit your account as of the calendar day, based on Eastern time, that we receive your payment request.
- **Express Mail.** Send payment by courier or express mail to: Payments Department, 1500 Boltonfield Street, Columbus, OH 43228. Payment must be received in proper form at the proper address by 5 p.m. Eastern time to be credited as of that day. All payments received in proper form at the proper address after that time will be credited as of the next day.

**If you send an eligible check with this payment coupon, you authorize us to complete your payment by electronic debit. If we do, the checking account will be debited in the amount on the check. We may do this as soon as the day we receive the check. Also, the check will be destroyed.**

T03174

PLEASE SEE IMPORTANT INFORMATION ON PAGE 4

SMC/TG/SCG/SCP/HIPs-2 APR13

Page 2 of 8

**Please provide change of address and update/add your phone numbers\* here: (Use blue or black ink.)**

\*Cell:

\*Home:

**\*Phone:** If you have entered a cell phone number, or another number that you later convert to a cell phone number, you agree to receive calls and messages such as, pre-recorded messages, calls and messages from automated dialing systems, or text messages. Normal cell phone charges may apply.

Account: \*\*\*\* \* 5418

2015 Totals Year-to-Date	
Total Fees Charged in 2015	\$0.00
Total Interest Charged in 2015	\$0.00

**INTEREST CHARGE CALCULATION**

Your Annual Percentage Rate (APR) is the annual interest rate on your account.

Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Interest Charge
<b>PURCHASES</b>			
REGULAR	25.24% (D)(V)	\$0.00	\$0.00
(V) = Variable Rate (D) = Daily			

***Thank you for choosing the Sears Card!***

Your new Sears Card can be used at any Sears store including Sears Hardware, Sears Auto Center and Sears.com. Plus, your new card is welcomed at Kmart, landsend.com and the Sears Holdings Corporation family of businesses.

Use it to make all your shopping easier.

Also, watch for Cardmember sales at Sears during the year.

*Thank You!*

788

**Credit Reporting Disputes.** If you think we reported inaccurate information to a credit bureau write us at the Customer Service address shown on Page 1.

**Report a Lost or Stolen Card Immediately.** Call the Account Inquiries number shown on Page 1.

**What To Do If You Find A Mistake On Your Statement**

If you think there is an error on your statement, write to us at the address for billing errors and customer service inquiries shown on Page 1 of your statement.

In your letter, give us the following information:

- **Account information:** Your name and account number.
- **Dollar amount:** The dollar amount of the suspected error.
- **Description of problem:** If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us:

- Within 60 days after the error appeared on your statement.
- At least 3 business days before an automated payment is scheduled, if you want to stop payment on the amount you think is wrong.

You must notify us of any potential errors in writing. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.

**What Will Happen After We Receive Your Letter**

**When we receive your letter, we must do two things:**

1. Within 30 days of receiving your letter, we must tell you that we received your letter. We will also tell you if we have already corrected the error.
2. Within 90 days of receiving your letter, we must either correct the error or explain to you why we believe the bill is correct.

**While we investigate whether or not there has been an error:**

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

**After we finish our investigation, one of two things will happen:**

- **If we made a mistake:** You will not have to pay the amount in question or any interest or other fees related to that amount.
- **If we do not believe there was a mistake:** You will have to pay the amount in question, along with applicable interest and fees. We will send you a statement of the amount you owe and the date payment is due. We may then report you as delinquent if you do not pay the amount we think you owe.

If you receive our explanation but still believe your bill is wrong, you must write to us within 10 days telling us that you still refuse to pay. If you do so, we cannot report you as delinquent without also reporting that you are questioning your bill. We must tell you the name of anyone to whom we reported you as delinquent, and we must let those organizations know when the matter has been settled between us.

If we do not follow all of the rules above, you do not have to pay the first \$50 of the amount you question even if your bill is correct.

**Your Rights If You Are Dissatisfied With Your Credit Card Purchases**

If you are dissatisfied with the goods or services that you have purchased with your credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the purchase.

To use this right, all of the following must be true:

1. The purchase must have been made in your home state or within 100 miles of your current mailing address, and the purchase price must have been more than \$50. (Note: Neither of these are necessary if your purchase was based on an advertisement we mailed to you, or if we own the company that sold you the goods or services.)
2. You must have used your credit card for the purchase. Purchases made with cash advances from an ATM or with a check that accesses your credit card account do not qualify.
3. You must not yet have fully paid for the purchase.

If all of the criteria above are met and you are still dissatisfied with the purchase, contact us in writing at the address for billing errors and customer service inquiries shown on Page 1 of your statement.

While we investigate, the same rules apply to the disputed amount as discussed above. After we finish our investigation, we will tell you our decision. At that point, if we think you owe an amount and you do not pay, we may report you as delinquent.

EM

T03175-SE-9351-5000-0025-9 - 0 - - - 03/01/15-47 - -P-E-O-Y- - 0-0-0-0- - - 12/31/99-PDAB-December31, 9999-0-0- - -  
N---







You've always been able to pay your Sears bill for no charge at Kmart.

**Now pay your other bills at Kmart, too.**

Most bills **\$1.50** or less per transaction.  
Next-day payment delivery.

Bill payments must be processed at Kmart by 7:00 p.m.  
Eastern time to be delivered to biller by next business day.

**TV • Phone • Auto • Local Utilities • And more!**

\*See reverse for details. moneyhub

**sears® Member Bonus Days**

**SHOP YOUR WAY®**  
members can choose

Everyone gets an extra

**10%** back in points\* — OR — **5% OFF**

Points valid for 90 days. Purchase requirements apply in select departments. See reverse.\*

or **special financing**

in select departments at Sears\*\*

**when you use your Sears card.**

Extra 5% off and points offer cannot be combined with special financing.

Valid April 19–25, 2015. See reverse for details.

Exhibit 2

Page 7 of 8





\*Bill payments must be processed at Kmart by 7:00 p.m. Eastern time to be delivered to biller by next business day. Business days exclude weekends and other days banks are legally closed. Posting times vary by biller. Not all billers available at all locations and are subject to change. Fees are due at time of transaction and are subject to change. Ask clerk for details. Bill payment services are provided by CheckFreePay Corporation, a licensed money transmitter, and CheckFreePay Corporation of New York, which is licensed as a Money Transmitter for payment services by the New York State Department of Financial Services (collectively "CheckFreePay"). Kmart is an authorized agent of CheckFreePay. Other products referenced in this material may be trademarks or registered trademarks of their respective companies. © Copyright 2014 CheckFreePay Corporation. All rights reserved.

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**\*Purchase requirements:**

Offer applies to total Lawn and Garden, Consumer Electronics, Outdoor Living, and Automotive purchases over \$299. Purchase requirement calculated on purchase price less all coupons, discounts, and reward certificates, not including tax, installation, or delivery. See an associate for details.

Extra 5% off excludes Sears Commercial One® accounts, Outlet Stores, and Lands' End. Sears Home Improvement Account™ applies to installed merchandise only. Savings off regular, sale, promotional, and clearance-priced merchandise only. Offers not valid on Insane Deals, Introductory Offers, Special Purchases, and Everyday Great Price Items. Not valid on New Balance® Athletic Shoes, Levi's®, Shoebuy.com, baby gear, nursery furniture, Scrubology, Two Hearts Maternity, fragrances and cosmetics in Puerto Rico, closeouts, price drops, red tag, generators, Weber, propane tanks and exchanges, iComfort® and Tempur-Pedic®, Sealy® EBUYS, Brogan Select, Glen Abbey, Maddox, Stearns & Foster®, Serta EBUYS, Cary, Meriden, iSeries, Simmons® Beautyrest® North Gate, TruEnergy® and Black, crib mattresses and waterbeds, Electrolux®, Jenn-Air, Cador, Fisher & Paykel, Whirlpool® brands, countertop microwaves, water heaters, water softeners, water filtration, air conditioners, air cleaners, humidifiers, dehumidifiers, floor care accessories, sewing machines, video game hardware, Bose®, Onkyo, prepaid calling cards, iTunes®, iPod®, Sony® DSLR, Sony® camcorders, Sony® lenses, Nikon® DSLR, Nikon® lenses, Samsung and Sony® UPP, computers, converter boxes, tablets, eReaders, parts and repair center, catalog orders, Sears Licensed Businesses, installed home improvements and repair services, protection agreements, and gift cards.

MEMBERS CHOOSE SAVINGS OR POINTS OR SPECIAL FINANCING. OFFER VALID April 19–25, 2015. OFFERS NOT COMBINABLE.

\*By accepting Shop Your Way® member benefits and offers, you agree to the Shop Your Way terms and conditions, available at [www.shopyourway.com/terms](http://www.shopyourway.com/terms).

Members earn points on qualifying purchases, excluding sales taxes and other fees. Must remain opted-in to receiving promotional emails from Shop Your Way to earn extra points. Extra points are inclusive of, and not in addition to, any base points earned on qualifying purchases. When extra point offers are combined, total points earned will be less than the combined point totals for each individual offer. See [shopyourway.com](http://shopyourway.com) for details.

**\*\*Special Financing available in:**

Home Appliances, Fitness Equipment, Sporting Goods, Lawn and Garden, Patio and Grills, Tools, Mattresses, Furniture, Automotive, Game Room, Fine Jewelry, and Floor Care on purchases over \$299. Purchase requirement calculated on purchase price less all coupons, discounts, and reward certificates, not including tax, installation, or delivery. See an associate for details.

**IMPORTANT SPECIAL FINANCING/DEFERRED INTEREST DETAILS (when offered):**

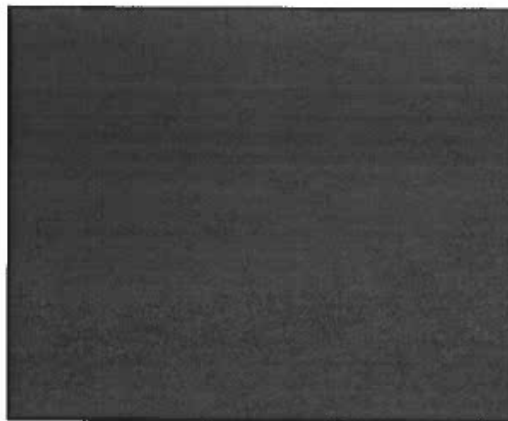
Interest will be charged to your account from the purchase date if the purchase balance is not paid in full within the promotional period or if you make a late payment. Minimum payments required. With credit approval, for qualifying purchases made on a Sears card at participating stores (Sears Commercial One® accounts excluded). Sears Home Improvement Account™ valid on installed sales only. Offer is valid for consumer accounts in good standing; is subject to change without notice; see store for details. May not be combined with any other promotional offer.

Sears cards: As of 1/7/2015, APR for purchases: Variable 7.24%–27.24% or Non-Variable 14.00%–29.99%. Minimum interest charge: up to \$2. See card agreement for details, including the APRs and fees applicable to you. Sears cards are issued by Citibank, N.A.

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Exhibit 2

PO Box 6203  
Sioux Falls, SD 57117



Dear [REDACTED]:

This notice applies to your Sears Card® account ending in [REDACTED].

Please see below for important information about changes to the account associated with this credit card. We are changing your card agreement by replacing it with a new one. Please review your new card agreement in full.

Please see below for important information about changes to your account.

#### Important Changes to Your Account Terms

The following is a summary of certain changes that are being made to your account terms. These changes will take effect on [REDACTED]. For more detailed information, please refer to the Notice of Change in Terms and Right to Opt Out below.

You have the right to reject these changes. However, if you do reject these changes you will not be able to use your account for new transactions. You can reject the changes by calling us at 1-877-718-2851.

#### Revised Terms, as of [REDACTED]

##### Paying Interest

Your due date is at least 25 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire balance by the due date each month. We will begin charging interest on cash advances on the transaction date.

**Minimum Payment Due.** For any minimum payment calculated after [REDACTED] 6, we are changing the way we calculate your Minimum Payment Due each billing cycle by including an amount for any purchases made under a Major Purchase Plan. You may be required to pay more of your account balance each billing cycle. As a result, your Minimum Payment Due may increase.

**You have the right to reject the changes summarized above (except the changes to the Minimum Payment Due).** However, if you do reject these changes we will close your account, which means you will no longer be able to use your account for new transactions. You can reject these changes by calling us at 1-877-718-2851.

##### Arbitration

Effective [REDACTED], we are changing the Arbitration provision. To review your new Arbitration provision, please see your new card agreement.

**You have the right to reject the change to arbitration.** If you reject this change, your account will no longer be subject to an arbitration provision. You can reject the change to arbitration by writing to us at PO Box 6145, Sioux Falls, SD 57117 stating that you would like to reject the arbitration provision. Your letter must be postmarked on or before [REDACTED]. We will not close your account if you reject this change.

#### Notice of Change in Terms and Right to Opt Out

**The Changes.** We are changing your card agreement and replacing it with a new one. The effective date of these changes is [REDACTED].

We have identified below some of the changes to your card agreement (listing the title of the new section and summarizing the change). For complete details regarding those changes, please review the entire section of your new card agreement. Your new card agreement is enclosed. The Supplemental Pricing Information ("Supplement"), which is part of your new card agreement, follows this notice.

- **Promotions.** This section describes that we may offer you promotional terms.
- **Interest Charges Based on APRs.** This section, its subsections, and the Supplement describe interest charges, when interest charges begin, the grace period on purchases, the calculation of interest charges, the balance subject to interest rate, and the minimum interest charge and how we determine it.
- **Foreign Currency Conversion.** This section and its subsections describe how purchase and cash advance amounts are converted from foreign currencies into U.S. dollars.
- **Payments.** This section and its subsections describe the minimum payment; how we calculate it; how we apply payments; and payment instructions. We are changing the way we calculate the minimum payment due each billing cycle by including an amount for any purchases made under a Major Purchase Plan. You may be required to pay more of your account balance each billing cycle. As a result, your Minimum Payment Due may increase.
- **Arbitration.** This provision, including its sections and subsections, describes arbitration; what claims are covered; how arbitration works, including our payment of fees; and survival and severability of terms. You may only reject this provision by writing to us. See the Important Changes to Your Account Terms or the Right to Opt Out sections for more information.

**Right to Opt Out.** You may opt out of these changes (except the changes to the Minimum Payment Due section).

- **Changes other than to Arbitration.** To opt out of changes other than to Arbitration, you must call or write by [REDACTED]. Call us toll-free at 1-877-718-2851 or write us at PO Box 6203, Sioux Falls, SD 57117 and include your name, address, account number and a statement that you are opting out of these changes. If you notify us that you do not accept these changes, your account will be closed, and we will not make these changes to your account (although we will make the changes to the Minimum Payment Due section). If you opt out, you will no longer be able to use your account for new transactions.
- **Changes to Arbitration.** You may opt out of the changes to Arbitration. You can reject the change to arbitration by writing to us at PO Box 6145, Sioux Falls, SD 57117 stating that you would like to reject the arbitration provision. Your letter must be postmarked on or before [REDACTED]. We will not close your account if you only reject the arbitration change.

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#### SUPPLEMENTAL PRICING INFORMATION

This Supplemental Pricing Information is part of your card agreement. The variable annual percentage rates and daily periodic rates shown below are as of October 19, 2015.

	Current APR	Current DPR	US Prime Rate plus
Regular Purchases	25.24%	0.06915%	21.99%
Regular Cash Advances	27.15%	0.07438%	23.90%

Abbreviations: APR means annual percentage rate; DPR means daily periodic rate.  
Minimum Interest Charge: \$2.00

\*\*\*\*\*

#### Deferred Interest Promotional Offer Update

From time to time, as a Sears Card® card holder you may be offered special limited time only deferred interest promotional offers.

Deferred interest promotional offers include the following types of offers:

- No Interest If Paid in Full in 6 Months
- No Interest If Paid in Full in 12 Months
- No Interest If Paid in Full in 18 Months
- No Interest If Paid in Full in 24 Months
- No Interest If Paid in Full in 36 Months
- No Interest If Paid in Full in 48 Months
- No Interest If Paid in Full in 60 Months
- No Interest if Paid in Full by a specific date (for example, by December 31, 2016)

If the balance is not paid in full by the end of the promotional period, interest charges will be imposed from the purchase date at the variable purchase rate on your account which is 25.24% APR. Variable APRs are as of October 19, 2015 and will vary with the market based on the Prime Rate.

These offers are not available all the time and may be limited to specific merchandise and/or have minimum payment and purchase requirements as disclosed in the offer.

Your card agreement, the terms of the offer and applicable law govern these transactions including increasing APRs and fees and termination of the promotional period.

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Please save this document for future reference.

If you have questions about these changes call us toll-free at 1-877-718-2851.

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### Card Agreement

This Card Agreement is your contract with us. It governs the use of your card and account. The Supplemental Pricing Information ("Supplement") is part of this Agreement. Please read this Agreement, including the Supplement, carefully. Keep them for your records.

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### Definitions

**account** means the relationship established between you and us by this Agreement.

**APR** means an annual percentage rate.

**authorized user** means any person you allow to use your account.

**card** means one or more cards or other access devices that we give you to get credit under this Agreement. This includes account numbers.

**we, us, and our** mean Citibank, N.A., the issuer of your account. Citibank, N.A. is located in Sioux Falls, SD.

**you, your, and yours** mean the person who applied to open the account. It also means any other person responsible for complying with this Agreement.

### Your Account

You agree to use your account in accordance with this Agreement. You must pay us for all amounts due on your account. This Agreement is binding on you unless you close your account within 30 days after receiving the card and you have not used or authorized use of the card. Your account must only be used for lawful transactions.

**Authorized Users.** You may request additional cards for authorized users. Each authorized user is your agent and may use, manage, and receive information about the account to the same extent as you, subject to any limitations we may impose. You must pay us for all charges made by authorized users. You must pay us even if you did not intend to be responsible for those charges. You must notify us to withdraw any permission you give to an authorized user to use your account.

**Joint Accounts.** If this is a joint account, each of you is responsible individually and together for all amounts owed. Each of you is responsible even if the account is used by only one of you. You will continue to be liable for the entire balance of the account, even if your co-applicant is ordered by a court to pay us. You will remain liable to us if your co-applicant fails to pay as ordered by the court. Your account status will continue to be reported to the credit bureau under each of your names. The delivery of notices or billing statements to either of you serves as delivery to each of you. We may rely on instructions given by either of you. We are not liable to either of you for relying upon such instructions.

**Credit Limit.** Your credit limit appears on your billing statement. The full amount of your credit limit is available to use where the card is honored. We will notify you separately what part of your credit limit is available for cash advances. That part is called the cash advance limit. We may reduce or increase your credit limit or cash advance limit at any time for any reason, as permitted by law. We will notify you of any change, but the change may take effect before you receive the notice. You should always keep your total balance below the credit limit. However, if the total balance goes over your credit limit you still must pay us. If your account has a credit balance, we may reduce the credit balance by any new charges on your account. You may not maintain a credit balance in excess of your credit limit.

**Checks.** We may provide you with convenience checks. You may not use convenience checks to pay an amount owed to us under this Agreement or to pay another account with us or an affiliate. We do not certify these checks or return any checks that have been paid.

**Billing Statement.** Your billing statement shows the New Balance. This is the total amount you owe us on the Statement Closing Date. To determine the New Balance, we begin with the total balance at the start of the billing cycle. We add any purchases or cash advances. We subtract any credits or payments. We then add any interest charges or fees and make other adjustments.

Your billing statement also shows your transactions; the Minimum Payment Due and payment due date; your credit limit and cash advance limit; and your interest charges and fees.

We deliver a billing statement to only one address. You must notify Customer Service of a change in address. We may stop sending you statements if we deem your account uncollectible or start collection proceedings; but we may continue to add interest and fees as permitted by law.

### APRs

**Variable APRs Based on Prime.** See the Supplement for information about the APRs that apply to your account. If any APR is based on the U.S. Prime Rate ("Prime Rate"), the APR will equal the Prime Rate plus an additional amount. The additional amount appears on the Supplement. If the Prime Rate increases, it will cause the APR to increase. If the Prime Rate decreases, it will cause the APR to decrease. For each billing cycle we use the Prime Rate published in *The Wall Street Journal* two business days before the Statement Closing Date. If the Prime Rate causes an APR to change, we put the new APR into effect as of the first day of the billing cycle for which we calculate the APR. We apply the new APR to any existing balances, subject to any promotional rate that may apply. If *The Wall Street Journal* does not publish the Prime Rate, we will use a similar published rate.



**Effect of APR Increases.** If an APR increases, interest charges increase. Your minimum payment may increase as well.

#### Promotions

We may offer promotional terms for all or a part of any balances. Any promotional terms may apply for a limited period of time. They will be governed by the terms of the promotional offer and this Agreement. Your promotional terms will end when the promotional period expires.

If a promotional offer is a deferred interest offer, no interest charges will be imposed on the deferred interest balance if you pay the balance in full by the end of the promotional period for that deferred interest balance. We will impose interest charges on the deferred interest balance at the APR for regular purchases from the date of purchase if you do not pay the balance in full by the end of the promotional period.

#### Interest Charges Based on APRs

**Interest Charges.** We impose interest charges when we apply APRs to your account balances. We do this every day by using a daily periodic rate. To get a daily periodic rate, we divide the APR by 365.

**When Interest Charges Begin.** We begin to impose interest charges the first day we add a charge to a daily balance. The charges we add to a daily balance include purchases and cash advances. They also include interest charges and fees. We continue to impose interest charges until we credit your account with full payment of the total amount you owe us.

**Grace Period on Purchases.** You can avoid interest charges on purchases, but not on cash advances. This is called a grace period on purchases. The grace period is at least 25 days. To get a grace period on purchases, you must pay the New Balance by the payment due date every billing cycle.

If you have a balance subject to a deferred interest promotion and that promotion does not expire before the payment due date, that balance (an "excluded balance") is excluded from the amount you must pay in full to get a grace period on a purchase balance other than an excluded balance. In addition, if you have a major purchase plan balance, that balance (an "excluded balance") is excluded from the amount you must pay in full to get a grace period on a purchase balance other than an excluded balance. However, you must still pay any separately required payment on the excluded balance. In billing cycles in which payments are allocated to deferred interest balances first, the deferred interest balance will be reduced before any other balance on the account. However, you will continue to get a grace period on purchases, other than an excluded balance, so long as you pay the New Balance (less any excluded balance, plus any separately required payment on an excluded balance) in full by the payment due date each billing cycle.

In addition, certain promotional offers may take away the grace period on purchases. Other promotional offers not described above may also allow you to have a grace period on purchases without having to pay all or a portion of the promotional balance by the payment due date. If either is the case, the promotional offer will describe what happens.

**Calculation of Interest Charges - Daily Balance Method (Including Current Transactions).** We calculate interest charges each billing cycle. To do this:

- We start with each of your different balances. These balances include, for example, regular purchases, Old Balances, regular cash advances, and different promotional balances. (When we calculate interest charges, we treat each deferred interest transaction separately even if it has the same terms as another deferred interest transaction.)
- We calculate the daily balance for each of your different balances. To get a daily balance, we start with the balance as of the end of the previous day. We add any interest charge on the previous day's balance. (This results in daily compounding of interest charges.) We add any new charges. We then subtract any new credits or payments.
- We multiply each daily balance by the daily periodic rate that applies to it. We do this for each day in the billing cycle. This gives us the daily interest charges for each of your different balances.
- We add up all the daily interest charges. The sum is the total interest charge for the billing cycle.
- You authorize us to round interest charges to the nearest cent.

When we calculate daily balances, we add a purchase or cash advance as of the Transaction Date. The Transaction Date for a cash advance is the date we get a request to complete a transaction. When you send a convenience check directly to someone, the Transaction Date is the date we receive the check for payment. The Transaction Date is shown on the billing statement. We add a transaction fee to the same balance as the transaction. We generally add other fees, including credit protection fees and insurance charges, to the regular purchase balance. We subtract a payment or credit as of the day it is credited to the account and then make other adjustments. We treat a credit balance as a balance of zero.

**Minimum Interest Charge.** If we charge you interest, the Supplement shows the minimum amount we will charge. We add the charge to the regular purchase balance or allocate it among one or more of the balances that accrues interest.

**Balance Subject to Interest Rate.** Your statement shows a Balance Subject to Interest Rate. It shows this for each different balance. The Balance Subject to Interest Rate is the average of the daily balances during the billing cycle. A billing cycle begins on the day after the Statement Closing Date of the previous billing cycle. It includes the Statement Closing Date of the current billing cycle.

#### Fees

**Transaction Fee for Cash Advances.** You take a cash advance if you use a cash advance convenience check; get money through an automated teller machine (ATM); or get money through home banking or a financial institution. You also take a cash advance if you make a wire transfer; buy a money order, traveler's check, lottery ticket, casino chip, or similar item; or engage in a similar transaction. For each cash advance we add a transaction fee of 5% of the amount of the cash advance, but not less than \$5.

**Late Fee.** We may add a late fee for each billing cycle in which you have a past due payment. For late fee purposes, you have a past due payment any time you fail to pay the Minimum Payment Due by the payment due date. The fee will be \$25; or \$35 for any additional past due payment during the next six billing cycles after a past due payment. However, the fee will not exceed the amount permitted by law. We add this fee to the regular purchase balance.

**Returned Payment Fee.** We may add a returned payment fee for a returned payment. A returned payment is an electronic debit, payment check, or similar payment instrument, that is returned unpaid. We may add this fee the first time your payment is returned, even if it is not returned upon resubmission. The fee will be \$25; or \$35 for any additional returned payment during the same or next six billing cycles after a returned payment. However, the fee will not exceed the amount permitted by law. We add this fee to the regular purchase balance.

**Returned Convenience Check Fee.** We may add a returned convenience check fee for a returned convenience check. A returned convenience check is any convenience check we do not honor. We may not honor these checks if the amount of the check would cause the balance to go over the cash advance

limit or credit limit. We also may not honor these checks if you default; if you did not comply with our instructions regarding the check; if your account has been closed; or for other reasons. The fee will be \$25; or \$35 for any returned convenience check during the same or next six billing cycles after a returned convenience check. However, the fee will not exceed the amount permitted by law. We add this fee to the regular purchase balance.

**Stop Payment on Convenience Check Fee.** We add a \$39 fee if we honor your request to stop payment on a convenience check. Write us at P.O. Box 6275, Sioux Falls, SD 57117 to stop payment on a convenience check. You can also call the Customer Service number on the billing statement. If you call, you must confirm the call in writing within 14 days. A written stop payment order is good for 6 months unless renewed in writing. We add this fee to the regular purchase balance.

#### Information on Foreign Currency Conversion

If you make a transaction in a foreign currency, Sears or one of its affiliates converts the amount into U.S. dollars. Sears and its affiliates follow their own foreign currency conversion procedures to do so. These may change from time to time without notice. Currently, Sears and its affiliates use a conversion rate in effect on the date of conversion. This rate is either a retail market rate or the government-mandated rate.

If you take a cash advance in a foreign currency at a branch or ATM of one of our affiliates, an affiliate of ours may convert it into U.S. dollars. Our affiliate currently uses a conversion rate in effect on its processing date. It uses a government-mandated rate if required to do so. If not, it uses a mid-point market rate. Our affiliate's procedure may change from time to time without notice. If you take a cash advance in a foreign currency anywhere else, MasterCard will convert it into U.S. dollars. MasterCard follows its own operating regulations or procedures. MasterCard currently uses a conversion rate in effect one day before its transaction processing date. It uses a government-mandated rate if required to do so. If not, it uses a wholesale market rate. The procedures may change from time to time without notice.

The conversion rate you get is the one used on the transaction's processing date. This may be different from the one in effect on the Transaction Date or post date for the transaction.

#### Payments

**Making Payments.** You may pay all or part of your account balance at any time. However, you must pay at least the Minimum Payment Due by the payment due date each billing cycle. The sooner you pay the New Balance, the less you will pay in interest charges.

We calculate the Minimum Payment Due as follows. We begin with any past due amount. We add the amount due on each major purchase plan balance. We add any amount specified in a promotional offer. We add any amount required by the Promotion Calculation. We also add the largest of the following:

- The Calculated New Balance if it is less than \$25;
- \$25 if the Calculated New Balance is at least \$25;
- 1% of the Calculated New Balance plus the amount of your billed interest charges on that balance, any minimum interest charge allocated to that balance, and any applicable late fee. (The result is rounded up to the nearest dollar.) However, we subtract interest charges that accrued during prior billing cycles on a deferred interest balance that ended during the billing cycle covered by the statement; or
- 1.5% of the Calculated New Balance (the result is rounded up to the nearest dollar).

The Calculated New Balance equals the New Balance on the billing statement less any balances subject to a major purchase plan, the Promotion Calculation, or to either of two types of promotional terms. The first type are terms that do not require a minimum payment. The second type are terms that require an additional amount as part of the Minimum Payment Due.

The amount due on a major purchase plan balance is the smaller of:

- The Repayment Percentage times the major purchase plan's Highest Balance plus any credit protection or credit insurance fee allocated to that balance. (The result is rounded up to the nearest dollar.) Or
- The major purchase plan's balance on the Statement Closing Date.

For each major purchase plan balance, the Highest Balance is the highest major purchase plan balance on a Statement Closing Date, less any credit protection or credit insurance fee allocated to that balance for that cycle, since the last time that balance was zero. The balance is zero at account opening. The Repayment Percentage for the 24 month major purchase plan is 4.4768%. The Repayment Percentage for the 36 month major purchase plan is 3.1332%. The Repayment Percentage for the 48 month major purchase plan is 2.5358%.

The Promotion Calculation applies to some deferred interest transactions. The Promotion Calculation is based on the transaction amount as shown on the first statement that displays the transaction. It applies if, paying \$25 on this balance each billing cycle would result in repayment before the end of the promotion period. The Promotion Calculation equals 1% of this balance during the promotion period. (The result is rounded up to the nearest cent.) The Promotion Calculation only applies during the promotion period. For deferred interest transactions made at Sears Holdings Corporation entities and its participating affiliates, subsidiaries and licensees, excluding Kmart stores, if a protection agreement is part of the deferred interest transaction, the protection agreement is treated as a separate transaction for purposes of evaluating whether the Promotion Calculation applies. Multiple protection agreements that are part of one deferred interest transaction are treated as one separate transaction.

The Minimum Payment Due may reflect adjustments to the New Balance. The Minimum Payment Due is never more than the Calculated New Balance plus three amounts. The first is any amount required by a major purchase plan. The second is any amount required by a promotional offer. The third is any amount required by the Promotion Calculation.

**Application of Payments.** Payments in excess of the Minimum Payment Due are applied in accordance with law. This means that we will generally apply payments in excess of the Minimum Payment Due to higher APR balances first. However, excess payments received before a deferred interest promotion expires are applied to the deferred interest promotional balance first in the last two billing cycles of the promotional period. And, if the expiration date of a deferred interest promotion is before the payment due date in the billing cycle in which the deferred interest promotion expires, excess payments received before the deferred interest promotion expires are applied to the deferred interest promotional balance first in the last three billing cycles of the promotional period. Payments equal to or less than the Minimum Payment Due and credits are applied at our discretion and you authorize us to apply payments and credits in a way that is most favorable or convenient for us. This may include applying such payments and credits to lower APR balances first and to balances with longer promotional periods first.

**Payment Instructions.** We credit your payments in accordance with our payment instructions on the billing statement. You must pay us in U.S. dollars. To do so, you must use a check, similar instrument, or electronic debit that is drawn on and honored by a bank in the U.S. Do not send cash. We can accept late or partial payments, or payments that reflect "paid in full" or other restrictive endorsements, without losing our rights. We also reserve the right to accept payments made in foreign currency and instruments drawn on funds on deposit outside the U.S. If we do, we select the currency conversion rate. We will then credit your account in U.S. dollars after deducting any costs incurred in processing your payment. Or we may bill you separately for these costs.

#### Credit Reporting

We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report. We may report account information in your name and the names of authorized users. We may also obtain follow-up credit reports on you.

If you think we reported incorrect information to a credit bureau, write us at the Customer Service address on the billing statement. We will investigate the matter. We will then tell you if we agree or disagree with you. If we agree with you, we will contact each credit bureau to which we reported and request a correction. If we disagree with you, we will tell you that.

#### Information Sharing

You authorize us to share information about you as permitted by law. This includes information we get from you and others. It also includes information about your transactions with us. Please see our Privacy Notice for details about our information sharing practices.

#### Changes to this Agreement

We may change the rates, fees, and terms of this Agreement from time to time as permitted by law. The changes may add, replace, or remove provisions of this Agreement. We will give you advance written notice of the changes and a right to opt out to the extent required by law.



**Default**

You default under this Agreement if you fail to pay the Minimum Payment Due by its due date; go over your credit limit; pay by a check or similar instrument that is not honored or that we must return because it cannot be processed; pay by electronic debit that is returned unpaid; file for bankruptcy; or fail to comply with the terms of this Agreement. If you default, we may close your account and, to the extent permitted by law, demand immediate payment of the total balance.

**Refusal of the Card, Closed Accounts, and Related Provisions**

**Refusal of the Card.** We do not guarantee approval of transactions. We are not liable for transactions that are not approved. That is true even if you have enough credit. We may limit the number of transactions approved in one day. If we detect unusual or suspicious activity, we may suspend your credit privileges.

**Preauthorized Charges.** We may suspend any automatic or other preauthorized card charges you arrange with a third party. We may do this if you default; if the card is lost or stolen; or we change your account for any reason. If we do this, you are responsible for paying the third party directly if you wish to do so. You are also responsible for reinstating the preauthorized charges if you wish to do so and we permit it.

**Lost or Stolen Cards, Account Numbers, or Convenience Checks.** You must call us if any card, account number, or check is lost or stolen. You must also call us if you think someone used or may use them without permission. When you call, we may require you to provide information to help our investigation. We may require you to provide this information in writing. For example, we may ask you to identify any charges that were not made by you or someone authorized by you. We may also ask you to confirm that you received no benefit from those charges.

**Closing Your Account.** You may close your account by notifying us in writing or over the phone. If you close your account, you must still repay the total balance in accordance with this Agreement. We may also close your account or suspend account privileges at any time for any reason. We may do this without prior notice to you. We may also reissue a different card at any time. You must return any card to us upon request.

**ARBITRATION****PLEASE READ THIS PROVISION OF THE AGREEMENT CAREFULLY.**

**THIS SECTION PROVIDES THAT DISPUTES MAY BE RESOLVED BY BINDING ARBITRATION. ARBITRATION REPLACES THE RIGHT TO GO TO COURT, HAVE A JURY TRIAL OR INITIATE OR PARTICIPATE IN A CLASS ACTION. IN ARBITRATION, DISPUTES ARE RESOLVED BY AN ARBITRATOR, NOT A JUDGE OR JURY. ARBITRATION PROCEDURES ARE SIMPLER AND MORE LIMITED THAN IN COURT. THIS ARBITRATION PROVISION IS GOVERNED BY THE FEDERAL ARBITRATION ACT (FAA), AND SHALL BE INTERPRETED IN THE BROADEST WAY THE LAW WILL ALLOW.**

**Covered claims**

- You or we may arbitrate any claim, dispute or controversy between you and us arising out of or related to your account, a previous related account or our relationship (called "Claims").
- If arbitration is chosen by any party, neither you nor we will have the right to litigate that Claim in court or have a jury trial on that Claim.

Except as stated below, all Claims are subject to arbitration, no matter what legal theory they're based on or what remedy (damages, or injunctive or declaratory relief) they seek, including Claims based on contract, tort (including intentional tort), fraud, agency, your or our negligence, statutory or regulatory provisions, or any other sources of law; Claims made as counterclaims, cross claims, third-party claims, interpleaders or otherwise; Claims made regarding past, present, or future conduct; and Claims made independently or with other claims. This also includes Claims made by or against anyone connected with us or you or claiming through us or you, or by someone making a claim through us or you, such as a co-applicant, authorized user, employee, agent, representative or an affiliated/parent/subsidiary company.

**Arbitration limits**

- Individual Claims filed in a small claims court are not subject to arbitration, as long as the matter stays in small claims court.
- We won't initiate arbitration to collect a debt from you unless you choose to arbitrate or assert a Claim against us. If you assert a Claim against us, we can choose to arbitrate, including actions to collect a debt from you. You may arbitrate on an individual basis Claims brought against you, including Claims to collect a debt.
- Claims brought as part of a class action, private attorney general or other representative action can be arbitrated only on an individual basis. The arbitrator has no authority to arbitrate any claim on a class or representative basis and may award relief only on an individual basis. If arbitration is chosen by any party, neither you nor we may pursue a Claim as part of a class action or other representative action. Claims of 2 or more persons may not be combined in the same arbitration. However, applicants, co-applicants, authorized users on a single account and/or related accounts, or corporate affiliates are here considered as one person.

**How arbitration works**

- Arbitration shall be conducted by the American Arbitration Association ("AAA") according to this arbitration provision and the applicable AAA arbitration rules in effect when the claim is filed ("AAA Rules"), except where those rules conflict with this arbitration provision. You can obtain copies of the AAA Rules at the AAA's website ([www.adr.org](http://www.adr.org)) or by calling 800-778-7879. You or we may choose to have a hearing, appear at any hearing by phone or other electronic means, and/or be represented by counsel. Any in-person hearing will be held in the same city as the U.S. District Court closest to your billing address.
- Arbitration may be requested any time, even where there is a pending lawsuit, unless a trial has begun or a final judgment entered. Neither you nor we waive the right to arbitrate by filing or serving a complaint, answer, counterclaim, motion, or discovery in a court lawsuit. To choose arbitration, a party may file a motion to compel arbitration in a pending matter and/or commence arbitration by submitting the required AAA forms and requisite filing fees to the AAA.
- The arbitration shall be conducted by a single arbitrator in accord with this arbitration provision and the AAA Rules, which may limit discovery. The arbitrator shall not apply any federal or state rules of civil procedure for discovery, but the arbitrator shall honor claims of privilege recognized at law and shall take reasonable steps to protect account information and other confidential information of either party if requested to do so. The arbitrator shall apply applicable substantive law consistent with the FAA and applicable statute of limitations, and may award damages or other relief under applicable law.
- The arbitrator shall make any award in writing and, if requested by you or us, may provide a brief statement of the reasons for the award. An arbitration award shall decide the rights and obligations only of the parties named in the arbitration, and shall not have any bearing on any other person or dispute.

**Paying for arbitration fees**

- We will pay your share of the arbitration fee for an arbitration of Claims of \$75,000 or less if they are unrelated to debt collection. Otherwise, arbitration fees will be allocated according to the applicable AAA Rules. If we prevail, we may not recover our arbitration fees, unless the arbitrator decides your Claim was frivolous. All parties are responsible for their own attorney's fees, expert fees and any other expenses, unless the arbitrator awards such fees or expenses to you or us based on applicable law.

**The final award**

- Any award by an arbitrator is final unless a party appeals it in writing to the AAA within 30 days of notice of the award. The arbitration appeal shall be determined by a panel of 3 arbitrators. The panel will consider all facts and legal issues anew based on the same evidence presented in the prior arbitration, and will make decisions based on a majority vote. Arbitration fees for the arbitration appeal shall be allocated according to the applicable AAA Rules. An award by a panel on appeal is final. A final award is subject to judicial review as provided by applicable law.

**Survival and Severability of Terms**

This arbitration provision shall survive changes in this Agreement and termination of the account or the relationship between you and us, including the bankruptcy of any party and any sale of your account, or amounts owed on your account, to another person or entity. If any part of this arbitration provision is deemed invalid or unenforceable, the other terms shall remain in force, except that there can be no arbitration of a class or representative claim. This arbitration provision may not be amended, severed or waived, except as provided in this Agreement or in a written agreement between you and us.

#### Governing Law and Enforcing our Rights

**Governing Law.** Federal law and the law of South Dakota, where we are located, govern the terms and enforcement of this Agreement.

**Enforcing this Agreement.** We will not lose our rights under this Agreement because we delay in enforcing them or fail to enforce them.

**Collection Costs.** To the extent permitted by law, you are liable to us for our legal costs if we refer collection of your account to a lawyer who is not our salaried employee. These costs may include reasonable attorneys' fees. They may also include costs and expenses of any legal action.

**Assignment.** We may assign any or all of our rights and obligations under this Agreement to a third party.

#### For Further Information

Call us toll-free for further information. Call the toll-free Customer Service telephone number shown on the billing statement or on the back of your card. You can also call local or toll-free Directory Assistance to get our telephone number.

  
Ken Stork  
Vice President

Citibank, N.A.  
P.O. Box 6000  
Sioux Falls, SD 57117

#### Your Billing Rights:

##### Keep this Document for Future Use

This notice tells you about your rights and our responsibilities under the Fair Credit Billing Act.

##### What To Do If You Find A Mistake On Your Statement

If you think there is an error on your statement, write to us at the address for billing inquiries and correspondence shown on the front of your statement.

In your letter, give us the following information:

- **Account information:** Your name and account number.
- **Dollar amount:** The dollar amount of the suspected error.
- **Description of problem:** If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us:

- Within 60 days after the error appeared on your statement.
- At least 3 business days before an automated payment is scheduled, if you want to stop payment on the amount you think is wrong.

You must notify us of any potential errors *in writing*. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.

##### What Will Happen After We Receive Your Letter

When we receive your letter, we must do two things:

1. Within 30 days of receiving your letter, we must tell you that we received your letter. We will also tell you if we have already corrected the error.
2. Within 90 days of receiving your letter, we must either correct the error or explain to you why we believe the bill is correct.

While we investigate whether or not there has been an error:

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

After we finish our investigation, one of two things will happen:

- **If we made a mistake:** You will not have to pay the amount in question or any interest or other fees related to that amount.
- **If we do not believe there was a mistake:** You will have to pay the amount in question, along with applicable interest and fees. We will send you a statement of the amount you owe and the date payment is due. We may then report you as delinquent if you do not pay the amount we think you owe.

If you receive our explanation but still believe your bill is wrong, you must write to us within 10 days telling us that you still refuse to pay. If you do so, we cannot report you as delinquent without also reporting that you are questioning your bill. We must tell you the name of anyone to whom we reported you as delinquent, and we must let those organizations know when the matter has been settled between us.

If we do not follow all of the rules above, you do not have to pay the first \$50 of the amount you question even if your bill is correct.

##### Your Rights If You Are Dissatisfied With Your Credit Card Purchases

If you are dissatisfied with the goods or services that you have purchased with your credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the purchase.

To use this right, all of the following must be true:

1. The purchase must have been made in your home state or within 100 miles of your current mailing address, and the purchase price must have been more than \$50. (Note: Neither of these are necessary if your purchase was based on an advertisement we mailed to you, or if we own the company that sold you the goods or services.)
2. You must have used your credit card for the purchase. Purchases made with cash advances from an ATM or with a check that accesses your credit card account do not qualify.
3. You must not yet have fully paid for the purchase.

If all of the criteria above are met and you are still dissatisfied with the purchase, contact us *in writing* at the address for billing inquiries and correspondence shown on the front of your statement.

While we investigate, the same rules apply to the disputed amount as discussed above. After we finish our investigation, we will tell you our decision. At that point, if we think you owe an amount and you do not pay, we may report you as delinquent.

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